

SCEG
MAY 15, 2012
EXHIBIT 9

Testimony Before
Select Committee on Efficiency in Government

Mac Minard
Executive Director
Montana Outfitters and Guides Association
May 15, 2012
10:15 am Room 172 Capital Building
(4:00 min)

Mr Chairman and Committee Members thank you for the opportunity to appear before you today and allowing me to provide some insight into a very serious issue facing small business in Montana.

My Name is **Mac Minard, #4 Fiddlers Green Clancy Montana** and I serve as the Executive Director for the Montana Outfitters and Guides Association or MOGA.

MOGA represents both hunting and fishing outfitters which are small business in Montana. Often the corporate office is the kitchen table and outsourcing means calling on a neighbor.

The industry I represent is cornerstone to Montana's increasingly valuable tourism industry.

- There are roughly **700 licensed outfitters and 4,300 Guides** in the state of Montana
- Serving **320,000 clients per year**
- Sustaining nearly **6,000 full or part-time jobs**
- Generating **\$167 million in economic impact**
- Providing **\$11.6 million in state and local taxes**
- Hunting, although only **6% of the Outfitted Clients accounts for 43% of the revenue generated by outfitting.**

Like many industries we have to contend with fluctuations in the economy and the effects of rising prices to provide services.

Unlike many other important industries we are very highly regulated and reporting requirements are substantial.

- Imaging reporting on every client you serve every day – name, address, ALS number, activity
- Reporting exactly where and when you served them – private land, (maybe your own) public land, rivers, streams, ponds and lakes
- Reporting exactly what service you provided and what they harvested

Now imagine having to provide that information to multiple agencies and being vulnerable to minor paperwork errors that can result in issuance of a citation which can then lead to permit retention issues with other state or federal agencies.

This condition is stifling small business in Montana and hurting job creation and economic growth.

Much of this regulation was a product of negotiated agreement among sportsmen, landowners and outfitters at the creation of the Outfitter Sponsored License. Some refer to it as having accepted the **yoke of regulation** in return for a licensing model that afforded some stability to this important industry.

With the **passage of I-161 we need to now repeal sections of law** that were tied to the OSL and are now longer of value or needed.

The current Administration at DOL is diligent in guiding the Board of Outfitters in rule making so that statutory obligations are being met. That is their job. However, relatively new (and likely correct) interpretation of statutes has caused

- a simple guide license to grow from a two page application to six
- loss of the emergency guide license provision
- increased fees

When the **Board of Outfitters moved from the Department of Fish and Game to Department of Labor** reporting requirements germane to FWP were carried forward as well.

In a recent survey of MOGA membership we found that **over 40% of outfitters are required to provide redundant information to multiple agencies.** Reports from MBO require similar information as USNFS, BLM, and in some cases FWP.

Much of the holdover information required by the Board of Outfitters **can be considered beyond the scope of providing for the health safety and welfare of clients** and simply a holdover from the days when MBO resided within FWP.

Our aim this session is to **identify and remove portions of current statute** that contribute to

- **unnecessary administrative burden,**
- **drive up administrative cost and are**
- **beyond the scope of preserving the health safety and welfare of clients** that are important to the economic well being of many Montana businesses.

Thank you for your time today and I stand for questions.

Niche News: Montana's Outfitter and Guide Industry

Research Methods: **Business Survey** - Outfitter names were obtained from USFS, BLM, NPS, MTFWP, MT Board of Outfitters, Travel MT, MOGA, & FOAM. Duplicates and undeliverables were eliminated identifying 998 active outfitters in Montana in 2005. 33% of outfitters (n=333) returned the mailed business survey. Phone surveys to 70 non-respondents found no difference between respondent/non-respondent outfitters. **Client Survey** - Clients on outfitted trips were either intercepted by researchers or given a survey by the guides and returned by mail. 238 client surveys were returned for the 2006 client study. Client surveys were weighted according to the number and type of clients reported by outfitters to accurately represent all types of outfitted clients.



OUTFITTED CLIENTS

318,600 outfitted clients in 2005

- 124,000 (39%) - Rafting/floating/canoeing/kayaking
- 63,800 (20%) - Fishing
- 48,270 (15%) - Other (Includes birding, snowmobiling, tours, photography, wildlife watching, snowcoach, wagon train, dog sledding, etc.)
- 45,100 (14%) - Horse trips
- 19,500 (6%) - Hunting
- 18,000 (6%) - Hiking/Backpacking

85% of all guided clients are involved in either hunting, angling, rafting/floating, horseback riding, or hiking/backpacking.

Primary purpose for being in MT (91,000 in MT for the outfitted trip)

- **Hunters:** 82% of hunters came to MT for the outfitted trip; 16% say it's one part of their trip.
- **Anglers:** 33% of anglers came to MT for the outfitted trip; 43% say it's only one part of their MT trip; 13% say they are here for business and vacation including guided trip; 13% MT residents.
- **All others:** 23% of other activity clients came to MT for the guided trip; 60% say it's only one part of their trip; 8% on business and vacation including guided trip; 10% MT residents.

\$119.6 million in Client Expenditures (includes all trip cost, not just outfitted)

- 39% of all expenditures from Hunting (\$46.4 million)
- 31% of all expenditures from Fishing (\$37.2 million)
- 30% of all expenditures from all other trips (\$35.9 million)

OUTFITTER BUSINESS

- ❖ 48% have some full-time employees (approx. 1,500)
- ❖ 71% have some part-time employees (approx. 4,600)
- ❖ Approx. 4,300 guides in MT
- ❖ 18.25 average # of years outfitting
- ❖ 21.14 average # more years to outfit
- ❖ 7% of outfitters are non-profit (church, scouts, camps, etc.)
- ❖ Over 600,000 client days represented in 2005

% on waterways	% of Trips on Each Type
56% Rivers	55% Forest Service
26% Lakes	48% Other private prop.
19% Reservoirs	31% My private property
	38% State lands
	32% BLM
	13% Nat'l Park Service
	2% Tribal lands

Outfitter Revenues	Outfitter Expenses
43% Hunting	21% Payroll
33% Fishing	14% Contract labor
25% all other activities	12% Food/fuel/equipment
	11% Land leases
	6% Travel
	5% Insurance
	5% Advertising/promotion

Economic Impact of the Outfitting Industry in Montana

	IMPACTS	Direct	Indirect	Induced	Combined
All Guided Trips	Industry Output	\$110,438,000	\$27,174,000	\$30,021,000	\$167,633,000
	Employment (# jobs)	1,956	276	358	2,590*
	Employee Income	\$37,435,000	\$6,029,000	\$7,972,000	\$51,435,000
	Proprietors' Income	\$4,035,000	\$1,751,000	\$1,632,000	\$7,417,000
	State & Local taxes	\$8,471,000	\$1,283,000	\$1,881,000	\$11,635,000
(Subset of above)					
Guided Hunting Trips	Industry output	\$43,694,000	\$10,800,000	\$12,252,000	\$66,745,000
Guiding Fishing Trips		\$34,221,000	\$8,238,000	\$9,189,000	\$51,649,000
All other Guided Trips		\$32,298,000	\$8,096,000	\$8,513,000	\$48,907,000

Economic Impact based on visitors ONLY in MT because of their guided trip (29% of all trips but 50% of total impact)

Industry Output	\$54,638,000	\$13,452,000	\$15,063,000	\$83,153,000
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Definitions: Direct impacts result from outfitted client purchases of goods and services; Indirect impacts result from purchases made by outfitter related businesses; and Induced impacts result from purchases by those employed in outfitter-related occupations.

*Does not represent seasonal jobs